



California Fair Political Practices Commission

November 8, 1985

Steve MacElvaine
Coastal Commissioner
1325 Atascadero Road
Morro Bay, CA 93442

Re: Your 1984 Annual Statement
of Economic Interests,
Our File No. A-85-213

Dear Mr. MacElvaine:

This letter concerns your 1984 Annual Statement of Economic Interests. You were previously contacted by telephone by Alice Hughes, who had reviewed your 1984 Annual Statement and informed you that, in certain instances, you may have disclosed more information than necessary. The purpose of this letter is to clarify your disclosure requirements with regard to the period covered by your 1984 Statement and for the future. In the situations where I have indicated that you might have failed to disclose certain reportable interests, I have enclosed supplemental schedules which you should file as soon as possible with the Coastal Commission if you determine, based on this letter, that additional disclosure is required. In the situations where I have indicated that you reported more information than necessary, you are not required to take any further action with respect to your 1984 Annual Statement. In the future, however, you will probably want to limit your disclosure of those interests in accordance with this advice.

Schedule A

On Schedule A, you must report investments in which you and your immediate family had an aggregate interest of \$1,000 or more during the reporting period, and which are located in, or doing business in, your jurisdiction (your jurisdiction is the State of California). You properly disclosed your investments on Schedule A. This includes your disclosure of your ownership

of the airplane and the leaseback agreement with the Central Coast Flying Service. Under the Political Reform Act, your airplane ownership and leaseback activity constitutes an interest in a business entity, although you have not formally formed a corporation or other organization for this specific activity. Therefore, you properly disclosed the airplane as an investment on Schedule A.

Schedule B

On Schedule B, you must disclose interests in real property located in your jurisdiction (any property located within two miles of the boundaries of the State of California or within two miles of any property owned by the State is within your jurisdiction) in which you and your immediate family had an aggregate interest of \$1,000 or more during the reporting period. You properly disclosed your interest in Pt. Lot 20 Rancho Morro y Cayucos, which you own directly, on Schedule B. If you also directly own the real property located at 1045 Atascadero Road, rather than owning it through a business entity, you should report your ownership of that property on the enclosed Supplemental Schedule 721-B, and file it with the Coastal Commission as soon as possible. In that case, disclosure of that real property interest on Schedule C is unnecessary, except as discussed below.

Schedule C

If you or your immediate family had a 10-percent or greater ownership interest in a business entity or trust during the reporting period, you are required to disclose, on Schedule C, certain interests in real property and investments held by that business entity or trust. If the business entity or trust had an interest in real property located in your jurisdiction, and your pro rata share of that interest in real property is \$1,000 or more, you must report your pro rata share of the interest on Schedule C-1. If the business entity or trust held an investment which was located in, or doing business in, your jurisdiction, and your pro rata share of that investment is \$1,000 or more, you must report your pro rata share of the investment on Schedule C-2.

On Schedule A you reported a 10-percent or greater ownership interest in three business entities: Rancho Colina Mobilehome Community, Souza Ranch, and the airplane. In each case, the business entity is a sole proprietorship. Based on

additional information you provided, it appears that the real property interests you disclosed on Schedule C-1 are interests owned by you directly, rather than through a business entity, and should be reported on Schedule B. However, if Souza Ranch or Rancho Colina Mobilehome Community had an agreement with you to lease the real property located at 1045 Atascadero Road, you should report your pro rata share of that leasehold interest on Schedule C-1 (Supplemental Schedule 721-C enclosed). Please refer to page 10 of the enclosed Manual for Form 721 regarding how to report leasehold interests. If no such agreement existed, you are not required to disclose any real property interests on Schedule C-1. With regard to Schedule C-2, your disclosure of the investment interests on your 1984 Annual Statement is unnecessary because you have already disclosed these business entities in which you have a direct investment on Schedule A. Unless one of the business entities in which you have a 10-percent or greater interest has invested in other business entities, you need not complete Schedule C-2.

Schedules D and E

You may have disclosed more information than necessary on Schedules D and E. You should review pages 14 and 16 of the enclosed Manual for Form 721 regarding income and loans you are not required to disclose.

Schedule H

On Schedule H you must report the name of certain individuals or entities, located in, or doing business in your jurisdiction, which were a source of income to a business entity in which you and your spouse owned an aggregate interest of 10-percent or more during the reporting period. You must disclose the name of an individual or entity only if your pro rata share of the gross payments or receipts, including rent payments, from that individual or entity was \$10,000 or more.

You should review the gross payments or receipts received by each business entity in which you had a 10-percent or greater interest during the reporting period. If your pro rata share of the gross payments or receipts to one of those businesses from any one particular individual or entity was \$10,000 or more, you must disclose the name of that individual or entity on Schedule H. I have enclosed three Supplemental Schedules 721-H, one for each of the business entities in which you had a 10-percent or greater interest, which you should

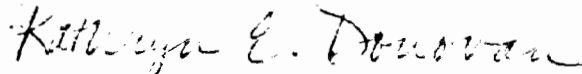
Steve MacElvaine
November 8, 1985
Page 4

complete and file with the Coastal Commission as soon as possible if you determine that this disclosure was required (see page 20 of the enclosed Manual for Form 721).

For example, you have indicated that, with regard to the airplane, you have a leaseback agreement with the Central Coast Flying Service. If your pro rata share of the payments received from Central Coast Flying Service in connection with your airplane business was \$10,000 or more, you must disclose Central Coast Flying Service as a source of income on Schedule H-1.

If you have any questions regarding this letter, please contact me at (916) 322-5901.

Very truly yours,



Kathryn E. Donovan
Counsel
Legal Division

KED:nwm
Enclosures